

Message Text

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PAGE 01 NEW DE 06373 031413Z
ACTION NEA-10

INFO OCT-01 ISO-00 TRSE-00 SP-02 USIA-15 AID-05 EB-07
NSC-05 EPG-02 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 ERDA-07 OES-07 ACDA-10 NRC-07
FEAE-00 INT-05 IO-13 DODE-00 PA-02 PRS-01 /143 W
-----031419Z 109862 /46

R 031249Z MAY 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 3153
INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

UNCLAS NEW DELHI 6373

PASS TREASURY

E.O. 11652: N/A
TAGS: HRIN, IN
SUBJECT: PRESS CONFERENCE OF FINANCE MINISTER PATEL

1. AFTER HIS RETURN TO DELHI FROM HIS WASHINGTON DISCUSSIONS.
FINMIN PATEL HELD A PRESS CONFERENCE ON MAY 2 AND REPORTEDLY
MADE THE FOLLOW MAJOR POINTS.

2. ON THE SUBJECT OF ASSISTANCE, PATEL SAID THAT GOI POLICY
WOULD EMPHASIZE MULTILATERAL ECONOMIC ASSISTANCE RATHER THAN
BILATERAL AID WHEREVER IT WAS POSSIBLE. INDIA WOULD GET MORE AID
FROM IDA. THERE WAS WIDESPREAD SUPPORT FOR RETENTION OF INDIA'S
IDA SHARE AT 40 PERCENT, AND HE HAD SOUGHT SUPPORT OF WORLD
BANK AND OTHER FINANCE MINISTERS FOR MAINTAINING INDIA'S PER-
CENTAGE SHARE. CLIMATE ABROAD FOR AID TO INDIA HAS IMPROVED.
THE GOI WAS NOT CONTEMPLATING ANY REDUCTION IN QUANTITY OF FOREIGN
AID, BUT THIS WOULD BE DETERMINED AT CONSORTIUM MEETING IN JULY.
GOI HOPED TO MOVE TOWARD ECONOMIC SELF-RELIANCE. DURING HIS
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DISCUSSIONS WITH USG, INDIA HAD NOT ASKED FOR RESUMPTION OF
U.S. AID, NOR WAS IT OFFERED.

3. REGARDING THE IMF PROPOSAL TO CREATE A NEW SUPPLEMENTARY
CREDIT FACILITY, PATEL HAD PLEADED FOR A SOFTENING OF THE INTEREST
BURDEN BY DEVISING A MECHANISM OF INTEREST SUBSIDY FOR THE
NON-OIL LDCS. INDIA WOULD ALSO LIKE A SUBSTANTIAL INCREASE IN

IMF QUOTAS AND SDR ALLOCATIONS.

4. PATEL STATED HE HAD DISCUSSED WITH USG OFFICIALS SUPPLY OF NUCLEAR FUEL FOR TARAPUR. HE EXPRESSED THE HOPE DURING THE TALKS THAT A DECISION ON THE SUBJECT WOULD BE TAKEN SOON BECAUSE OTHERWISE IT WOULD ADVERSELY AFFECT POWER SUPPLY TO THE INDUSTRIAL BELT OF MAHARASHTRA. HE WAS TOLD THAT THE USG WAS SERIOUSLY CONSIDERING THE ISSUE AND WOULD MAKE AN ANNOUNCEMENT SOON.

5. ON INTERNAL ECONOMIC MATTERS, PATEL SAID THAT THE DOMESTIC ECONOMIC SITUATION WAS QUITE HEALTHY, PROVIDED POLICIES CONTINUE TO BE SOUND. HOWEVER, HE WAS WORRIED ABOUT PRICE INCREASES. THE 1977-78 ANNUAL PLAN WAS BEING REVIEWED (NOT RECAST), AND THESE REVIEW EXERCISES WOULD BE COMPLETED SOON. PATEL DID NOT FORESEE ANY POSTPONEMENT OF BUDGET PRESENTATION NOW SCHEDULED FOR MAY 21. FOREIGN INVESTMENT CLIMATE HERE WAS GENERALLY FAVORABLE. GOI DID NOT DISCOURAGE FOREIGN INVESTMENT BUT USED A SELECTIVE APPROACH.SCHNEIDER

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Disposition Approved on Date:
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